

RSC MEMORANDUM

TO: Republican Study Committee **FROM:** Chairman Jim Banks

DATE: March 3, 2021

RE: Low Energy Joe's Crisis

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On Day 1, President Biden began <u>his attack</u> on domestic energy producers and American consumers. Biden's assault laid the groundwork for even more devastation.

According to the U.S. Energy Information Administration, the U.S. <u>bought</u> a record amount of Russian oil in 2021. U.S. purchases, coupled with soaring prices caused by a decrease in the oil supply, <u>earned</u> Russia's gas sector record profits last year.

That cash helped insulate Russia from sanctions and shifted Putin's calculus towards a full-scale invasion.

Energy policy is the key to Putin's invasion, its long-term consequences for American citizens and Biden's weak-kneed response. Putin's war of aggression in Ukraine is an energy war.

And, thanks to Joe Biden, America is unprepared to fight it. We are energy vulnerable.

Joe Biden must make America energy independent again. He must end his assault on domestic energy producers, boost America's energy readiness and refocus on Russia.

Here is Republican Study Committee's overview of how Biden led us headfirst into a global energy crisis and what he must do to protect Americans' pocketbooks and win the energy war with Putin.

Biden's Energy Inflation is Paying for Putin's War:

Decreased oil supply has led to soaring gas prices that are <u>fueling</u> Putin's invasion. President Biden has fostered this trend with short-sighted policies that inhibited America's energy growth and made the world more reliant on Russian oil. Here are a few examples of where Biden must reverse course today:

• **Keystone Pipeline:** On his first day in office, he <u>cancelled</u> the Keystone Pipeline and rejoined the anticompetitive Paris Agreement. The Keystone Pipeline would have boosted North American energy production precipitously, a reality that would have lessened the need to rely on Russian oil and gas. In 2021, the U.S. imported <u>record</u> amounts of Russian oil.

- **Federal Energy Leasing:** Almost immediately upon taking office, Biden <u>halted</u> new oil and gas leases on federal lands and waters. <u>Roughly a quarter of oil and gas</u> production occurs on federal lands. Nothing is stopping Biden from reversing this harmful decision.
- **Follow the Science:** Biden should stop using phony science to appease environmentalists. The Biden administration has <u>restored</u> use of the legally dubious "social costs of carbon," going so far as to cancel oil and gas leases in response to a legal challenge.
- **Tap Arctic Energy Reserves:** Biden reversed President Trump's move to open oil and gas leases in the Arctic National Wildlife Refuge and New Mexico. The Biden administration must tap these energy reserves to provide cheap energy to America and the world.

Saving Europe from Itself:

For the last two decades, Europe has pursued disastrous energy policies in the name of "climate change." Biden promoted these tendencies by <u>rejoining</u> the Paris Agreement. Now Europe finds itself dependent on Russian oil and gas with no immediate off ramp. Here's how strong U.S. policy wean Europe off Russian oil:

- <u>Fast-track</u> LNG Export Approvals: Biden could undo a 2014 Obama-era rule requiring redundant regulation of exports and allow DOE to serve as a one-stop shop for such exports.
- **Midcat Pipeline:** The United States should vocally support the <u>Midcat Pipeline</u> to significantly boost the European Union's natural gas import capacity.
- **Strategy for Energy Security:** Biden should develop an energy security strategy and fuel the world with American—not Russian—energy. The <u>Midland Over Moscow Act</u>, introduced by Rep. Pfluger, will do just that.
- **Nuclear Power:** The U.S. should be pushing EU countries like Germany to reverse course on inhibiting nuclear power.

Maximize Pressure on Russian Energy:

While Biden has finally taken steps to ramp up economic pressure on Russia, he did so after Europe first stepped up its sanctions. He also exempted Russia's energy sector from American sanctions.

The Biden administration must work with allies to hit Putin where it hurts: the energy sector. The U.S. continues to import an average of 209,000 barrels per day (bpd) of crude oil and \$500,000 bpd of other petroleum products from Russia, which continue to provide Putin with billions of dollars to offset the effect of sanctions. Canada has already announced that it will ban imports of crude oil from Russia.

Here's how a strong U.S. policy could truly achieve maximum economic pressure on Russia:

- Sanction Russian Oil & Gas: Biden should prohibit the import of Russian oil, and impose sectoral sanctions prohibiting transactions with the Russian oil and gas sector by adopting a "lock box" similar to the Iranian context of allowing payments for oil and gas only into blocked escrow bank accounts held by non-Russian financial institutions outside of Russia.
- **Remove Energy Sanctions Carve Outs:** The administration should remove energy exemptions in its sanctions on the Russian Central Bank, and its removal of certain Russian banks from SWIFT.
- **Timber Sanctions:** The U.S. should sanction Russia's timber sector, which provides Russia with \$20 billion a year. The Biden administration's <u>General License 8</u> exempting transactions related to Russian energy included a broad-based exception for wood.

BOTTOM LINE: If the Biden administration wants to protect its own citizens, aid Ukraine and tackle Russia, they must prioritize American energy independence.

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